

**CITY OF BRIDGEPORT  
BUDGET AND APPROPRIATIONS COMMITTEE  
REGULAR MEETING  
JANUARY 11, 2016**

**ATTENDANCE:** Scott Burns, Co-Chair; Denese Taylor-Moye, Co-Chair; Mary Evette Brantley; AmyMarie Vizzo-Paniccia; Anthony Paoletto; Aidee Nieves; Jose Casco

**OTHER:** Tom McCarthy, Council President; John Olson, Councilman; Jeanette Herron, Councilwoman; Nestor Nkwo, Director of OPM; Bill Fazzioli; Joe Gaudett Jr.; Ken Flatto, Finance Director

**CALL TO ORDER**

Co-Chair Burns called the meeting to order at 6:10 PM. A quorum was present.

**APPROVAL OF COMMITTEE MINUTES: DECEMBER 14, 2015 (REGULAR MEETING)**

Co-Chair Burns requested the item be tabled for a point of clarification.

**\*\* CO-CHAIR TAYLOR-MOYE MOVED TO TABLE THE APPROVAL OF COMMITTEE MINUTES RE: DECEMBER 14, 2015 (REGULAR MEETING).**  
**\*\* COMMITTEE MEMBER VIZZO-PANICCIA SECONDED THE MOTION.**  
**\*\* MOTION PASSED UNANIMOUSLY.**

**GENERAL DISCUSSION RE: REVIEW OF THE MONTHLY FINANCIAL REPORT**

Mr. Flatto came forward and passed out packets to the committee.

**\*\* COMMITTEE MEMBER VIZZO-PANICCIA MOVED TO ENTER THE SUPPLEMENTAL INFORMATION PACKET INTO EVIDENCE AS ITEM 0116-1.**  
**\*\* CO-CHAIR TAYLOR-MOYE SECONDED THE MOTION.**  
**\*\* MOTION PASSED UNANIMOUSLY.**

The Financial Report read as follows:

- A. Budget Forecast- FY 2015-2016
  - a. Summary of Inherited Fiscal Problems
    - i. Total Revenue Shortfalls: \$5,605,000

- ii. Total Expense Shortfalls: \$14,450,000
- iii. Total Budget Shortfall: \$20,055,000

B. Revenue Problems- Details

- a. Overstated Budget Items
- b. Prior Year Taxes Budget: \$2.7 million inflated
- c. State Aid errors in budget: \$1.4 million
- d. Outside Overtime Revenue Shortfall: \$1.0 million
- e. Rent Non-Payments: \$520,000 in FY 15-16 (RE: The Arena, Captains Cove, Harbor Yard owes the City 2013-2015)

C. Expenditure Problems- Details

- a. Retro Pay Raises Not Budgeted- \$2.4 million
- b. Overtime spending well beyond anticipated budget- \$5.5 protected net of all staff position vacancies for FY15-16
- c. Pension Payments Not Budgeted- \$8.7 million
- d. Payouts/Other Compensations Short- \$2.7 million

D. Budget Picture in Toto

- a. City Side Budget: \$274 million
- b. Shortfall: \$20 million
- c. The annual shortfall is 8% of the annual budget, and 15% of 6 months remaining expenditures.

E. FY 2015-2016 Items of Concern in the Budget

a. REVENUES

- i. Arrears Taxes (Arrears + Penalties)
  - 1. -2,720,000
  - 2. Underbudgeted/unrealistic assumptions
- ii. State Aid- Manuf PILOT
  - 1. -890,000
  - 2. Double budgeted/not funded by the State
- iii. State Aid- University/Hospital PILOT cuts
  - 1. Mid Year Recession/State PILOT Reduction
- iv. Outside Overtime- PD
  - 1. Net Revenue Overstated
- v. Rent from Arena/Harbor Yard/Cover
  - 1. Not Paying Rent
- vi. Total Revenue Shortfall Concerns:
  - 1. -5,605,000

b. EXPENDITURES

- i. Retro Pay Raises + 7 months pay impact
  - 1. -2,400,000
  - 2. Not Budgeted
- ii. Overtime Shortfalls- PD & Fire & EOC

1. -9,000,000
2. Underbudgeted/Higher Spending Rate
- iii. Public Fac/Other Overtime Expenses
  1. -1,000,000
  2. Underbudgeted
- iv. Payroll Payouts- Vac/Sick/Hol
  1. -2,200,000
  2. Underbudgeted
- v. Pension STATE MERS/MERF
  1. -8,700,000
  2. Not Budgeted/Underbudgeted
- vi. Medicare
  1. -500,000
  2. Underbudgeted
- vii. Regular Payroll Savings
  1. 4,500,000
  2. City Wide Vacancies
- viii. Debt Service Savings
  1. 1,100,000
  2. Due to prior yr. Debt Refinancing
- ix. City Wide Operating Accounts Savings
  1. 750,000
  2. Net Citywide Operating Account Savings
- x. City Wide Contingency Savings
  1. 1,500,000
  2. Will not spend/freeze spending
- xi. City Wide Health Insurance Savings
  1. 1,500,000
  2. Due to vacancies/reorganization of departments
- xii. Total Expenditure Shortfall/Concerns:
- c. TOTAL FY2016 PROJECTED SHORTFALLS
  - i. -20,055,000; assumes B.O.E. will pay City \$2.3 million
  - ii. Note: Year End Projected shortfall assumes B.O.E. paying/reimbursing the City \$2.3 million at year end.
- F. FY 2015-2016 Major Items of Concerns Revenues
- G. FY 2016 Year End Projections

Mr. Nkwo stated that the State basically short changes every municipality, and when the City goes over budget, they typically tweak things over the course of the year. He stated that the City had already received the full amount they were slated to receive (\$475,000).

Co-Chair Burns asked when the amount was received. Mr. Nkwo stated they received it about 3 months ago.

Mr. Nkwo stated that the man hours are not there to fill the hour shortfall in hours. He stated that the non-paid rent is comprised of individuals who have not paid in each of the locations.

Co-Chair Taylor-Moye stated that a number of residents in the locations appear to believe they are up to date on their rent payments, and requested documentation. Mr. Nkwo stated there is full documentation of the amounts owed in the report. Co-Chair Taylor-Moye asked the reason for the unpaid rent, and whether rent credits were given or renovations were made. Mr. Nkwo stated on November 16th, an email was sent with two rent credits for \$80,000 and \$120,000. He stated that they were plotted on a chart to give credit and were signed by the last mayor. He further stated that prior to that, they still owed money.

Committee Member Brantley what the City did to inform the individuals they owed rent. Mr. Nkwo stated that he called each property's Finance Director, who did not return his calls for a long period of time. When he succeeded in making contact with someone, they told him that their manager will be figuring out the amount with the administration. Committee Member Casco asked if there had been a meeting to discuss the matter with the City's Attorney. Mr. Nkwo stated that there is a meeting scheduled for later this week, and that the holidays have made scheduling difficult. Mr. Nkwo further stated that they have to fit around everyone's schedules, and cannot physically compel them to appear.

Council President McCarthy stated there is concern about the aggressive deficit, and stated it would be helpful for the council members to know when meetings occur through the co-chairs. He further asked if it would be possible to obtain documents on the owed rent in regards to what is owed and what has been paid. Mr. Nkwo stated that when they go into the meeting, they won't know what they have in terms of exemption, and thus cannot tell them what they aren't aware of. Mr. Flatto stated that all the credits they were aware of are attached to the provided documents. Co-Chair Taylor-Moye requested they inform the co-chairs throughout the process, so the committee members can be informed of the progress appropriately.

Mr. Flatto turned the committee's attention to the expenditure section of the document. He stated that a series of contractual collective bargaining raises paid out, and that the impact is \$2.4 million. He stated that the significant projected amount of overtime shortfalls for Police, Fire and Emergency Services is projected through to June 30, 2016. Mr. Flatto stated that they are already taking steps to try and arrest and stabilize some of that projection. He stated that a certain amount is contractually set aside for holiday and compensatory pay, but that those are also running well over budget at \$2 million. He stated that pension amounts are large and significant, with \$4.8 million paid in 2015 toward amortization payments, which they had not previously known they needed to pay. He stated that they are currently collaborating with the state to see how the payments are made, and what can be changed. Mr. Flatto stated, for whatever reason, the fire

payments were budgeted and paid fully and properly, but the police payments were not. He further stated that one reason the monthly payments are short is due in part to overtime, as there is more of it with more vacancies. In addition, pension credits are earned based on overtime, and thus the pension bills are higher as well.

Co-Chair Burns asked if all the new hires would be on the new contractual plan, and Mr. Nkwo answered in the affirmative, but that it would only apply to the newest class in the police academy as of right now.

Mr. Flatto stated that the vacancies are an upside, leaving roughly \$4 million dollars that help offset costs slightly. He stated that debt service savings has already occurred, and that it will hopefully generate more savings. He further stated that there is some savings where spending is less, slower, and in the non-personnel budget and health insurance budget lines.

Committee Member Brantley requested a copy of everyone who has been hired, what their salaries are, and a list of vacancies. Council President McCarthy clarified that they can get the positions, but not the names of employees. Mr. Flatto stated that he can compile the list of vacancies, and will ask Labor Relations for the list of new hires.

Council President McCarthy pointed out that, if someone is laid off, there are also unemployment payments, so there is never 100% savings.

Committee Member Casco asked for the shelf life of the report, and Mr. Flatto stated that it is a full 12 month projection average.

Committee Member Vizzo-Paniccia stated that she did not receive the packet, and would like a copy scanned to her. Council President McCarthy offered to have Mr. Flatto scan it to him, and to then email it to the committee members.

Committee Member Vizzo-Paniccia stated, in terms of police overtime, special events are not reimbursed for, and that there are added costs, not just for personnel situations. She stated that it is hard to compare year to year due to factors like crime rates and weather.

Co-Chair Burns asked if the aggregate from the November statement totals the same, and Mr. Flatto answered in the affirmative.

Co-Chair Burns asked for insight into the projection calculations. Mr. Nkwo stated that overtime is expenditure driven, and the expenditure has been trending higher. He stated that weather also impacts the calculations, as winter tends to slow everything down, while summer has a higher rate of overtime due to things like construction.

Committee Member Vizzo-Paniccia requested the specifics of the overtime on the night of Mayor Ganim's swearing in ceremony, and how this affected the budget of the City. Mr. Flatto stated that he would look into it.

Committee Member Brantley asked why she has seen cops from out of town (Fairfield) working in her neighborhood. Mr. Flatto stated that, in the event their officers are working in Bridgeport, the town of Fairfield eats the cost. He stated that it works as a trade off, should they ever need assistance from Bridgeport. He further stated that they have the same arrangement with Trumbull.

Committee Member Casco asked about the line titled 'Outside Police Overtime Budget'. Mr. Nkwo clarified that this refers to times when a private company pays the Bridgeport police for assistance, and has nothing to do with out of town officers.

### 29-15

#### **PROPOSED RESOLUTION APPROVING FY 2016 GENERAL OBLIGATION BONDS**

\*\* COMMITTEE MEMBER VIZZO-PANICCIA MOVED TO ENTER THE SUPPLEMENTAL INFORMATION PACKET INTO EVIDENCE AS ITEM 0116-2.

\*\* COMMITTEE MEMBER BRANTLEY SECONDED THE MOTION.

\*\* MOTION PASSED UNANIMOUSLY.

Mr. Flatto pointed out a small type on the second paragraph of the last page, indicated by the highlight. He stated that the change should read '**from the sale of the bonds or refunding bonds**'. He stated that the previous sentence did not include the refunding bonds, which is key because the provisions could refer to one or the other or both. Council President McCarthy asked if the item was amended before or after the referral, and Mr. Flatto stated that it is identical to the resolution given to the City Council, and that there have been no changes since. Council President McCarthy suggested they vote to amend the document to be safe.

\*\* COMMITTEE MEMBER BRANTLEY MOVED TO AMEND THE RESOLUTION ON THE LAST PAGE, SECOND PARAGRAPH TO READ '**FROM THE SALE OF THE BONDS OR REFUNDING BONDS**'.

\*\* COMMITTEE MEMBER PAOLETTO SECONDED THE MOTION.

\*\* MOTION PASSED UNANIMOUSLY.

Mr. Flatto stated that they will go out to the bond market and offer general information bonds, refunding general obligation bonds. He stated that the projected savings over the next few budget years will be an overall amount of \$6 million. He stated that what is required under the state statute is that they are given a table with all of the pertinent information. He further stated that the rule of thumb is if you make 2% overall savings, it is a successful rebonding.

Mr. Fazzioli stated that they are taking the same debt and refinancing it at a lower debt rate that requires less from the city. He stated that over \$4 million would be conservative, and rates look similar. He stated that the \$6 million figure is net.

Co-Chair Burns asked if they will pay principal and interest as they go as a result of the structure. Mr. Fazzioli stated that there is 2% through the overall life of the bond, plus the aggregate. Co-Chair Burns asked if they can anticipate the same pay rate over the life of the bond, and Mr. Fazzioli answered in the affirmative.

Mr. Fazzioli stated that they received over 10 proposals from underwriters, and based on the City's input, felt Morgan Stanley had the best proposal.

Co-Chair Taylor-Moye asked which companies were employed last year, and if they are in the red with any of the bonds. Mr. Flatto stated that they are not in the red on any of the bonds, and that each year the City selects an underwriter from several candidates.

Co-Chair Burns asked if the refinancing has any impact on the City's ratings, and Mr. Flatto stated that rating agency has been informed that they would have a financing each year, so there shouldn't be a surprise. He further stated that there are formal re-ratings reviews at the end of this month. Co-Chair Burns asked if there had been any feedback, and Mr. Flatto stated that he did not know, but highly doubted it.

Committee Member Olson asked if the projected saving had anything to do with the expected deficit. Mr. Flatto stated if they manage to put the plan in place before the meeting date, they can realize the full amount of savings.

Co-Chair Burns asked if they intend on purchasing bond insurance. Mr. Flatto stated that Morgan Stanley felt they may not need it, as there are fairly stable. If trying to sell them uninsured, all this means is that instead of paying a fee for bonding insurance to give the bonds a higher rating, they would sell them at the underlying rating. He further stated that most insurers look at the underlying rating anyway, as the popularity of bond insurance has diminished the value of the higher rating in their case.

Co-Chair Burns asked if there is a narrow time frame, and Mr. Fazzioli stated that they are working in a very expeditious manner.

Council President McCarthy suggested that legal be at future meetings. Mr. Flatto stated that Bill Pullman has been advising on the transaction, and suggested the presence of the counsel may be expensive and unnecessary.

Council President McCarthy asked if the transaction was approved by the bond council, and Mr. Flatto answered in the affirmative. He stated, assuming the proposal goes forward, that the bond council will read the underwriter documents and approve them, then issue a tax certificate.

Committee Member Casco asked for materials to be forwarded to committee members prior to the meeting so they could read them in advance. He then asked how often will the City review the bonds, and Mr. Flatto stated it happens annually. Mr. Fazzioli stated that the City has refinanced the bonds 3 or 4 times prior to this proposal.

Mr. Flatto clarified that the amount indicated for use by the Fire Department is to be used for a new truck and alerting system.

Committee Member Vizzo-Paniccia asked if there is anything regarding the Port Jefferson ferry being liable to pay them a previously owed \$2.2 million. Mr. Flatto stated that his understanding is not complete, but that the lawsuit involved Port Jefferson suing Port Authority, that they lost and owe them some money. The City loaned money to the Port Authority years ago.

Committee Member Brantley asked if the amount stated for the repair of roadways and pavement is adequate enough to fulfill the Mayor's earlier campaign promises to fix the bulk of the City's roadways. Mr. Flatto stated that it puts aside some for this purpose.

Council President McCarthy stated that it isn't sensible for the long-term health of the City to ignore bonding. He stated that they should have it organized and scheduled out a little bit at a time. He stated that bonding for capital improvements is a good thing for the City, and it keeps the streets from falling apart and costing them more. He further stated, if they do not invest on a regular basis, it will cost more in the long run.

Committee Member Casco asked if they really need the full amount allotted to the police. Mr. Flatto stated it is at their discretion, and that the amount was chosen because of the age of the police cars. Mr. Flatto stated that the cars have about a 4 year shelf life, but that they could change the amount.

Mr. Flatto stated that a change of a million or so wouldn't destroy the budget entirely.

Committee Member Olson pointed out that if the roads were better, the cars could last longer.

Committee Member Vizzo-Paniccia stated that there has been little preventative maintenance in regard to police vehicles that typically operate 24 hours a day, and cost about \$30,000 to outfit. She stated that they shouldn't cut the amount in this section, as police accessibility is key.

Committee Member Brantley stated that they need to show constituents that they will uphold promises made to them despite taxes.



Committee Member Paoletto asked if the upkeep for police vehicles is done in house, and Mr. Nkwo stated that there is a garage at the police department where repairs are made. He further stated, if the repair is particularly intricate, they will send the car to the Dodge dealership.

Council President McCarthy asked if they could feasibly add \$500,000 to the roadway paving budget line, and Mr. Flatto answered in the affirmative.

**\*\* COMMITTEE MEMBER BRANTLEY MOVED TO ADD \$500,000 TO THE ROADWAY PAVING/CULVERTS/INTERSECTIONS LINE OF THE PROPOSAL.**

**\*\* CO-CHAIR TAYLOR-MOYE SECONDED THE MOTION.**

**\*\* MOTION PASSED UNANIMOUSLY.**

Committee Member Vizzo-Paniccia wanted to clarify that the amount is intended for City, not State roads. Committee Member Olson stated that there is a huge need throughout the City, and asked who receives a paved sidewalk and who does not. Mr. Nkwo stated that there is a process based on various factors, including need and fiscal feasibility.

**\*\* COMMITTEE MEMBER BRANTLEY MOVED TO AMEND THE SUMMARY RESOLUTION ON PAGE 1, PARAGRAPH 3, TO REPLACE \$6,250,000 IN EACH INSTANCE IT OCCURS WITH \$6,750,00 FOR THE FOLLOWING REASON:**

- 1. TO REFLECT THE PREVIOUS AMENDMENT ADDING AND ADDITIONAL \$500,000 TO THE ROADWAY PAVING/CULVERTS/INTERSECTIONS BUDGET LINE.**

**\*\* CO-CHAIR TAYLOR-MOYE SECONDED THE MOTION.**

**\*\* MOTION PASSED UNANIMOUSLY.**

**\*\* COMMITTEE MEMBER BRANTLEY MOVED TO APPROVE ITEM 29-15 RE: PROPOSED RESOLUTION APPROVING FY 2016 GENERAL OBLIGATION BONDS.**

**\*\* CO-CHAIR TAYLOR-MOYE SECONDED THE MOTION.**

**\*\* MOTION PASSED UNANIMOUSLY.**

#### **ADJOURNMENT**

**\*\* COMMITTEE MEMBER BRANTLEY MOVED TO ADJOURN.**

**\*\* CO-CHAIR TAYLOR-MOYE SECONDED THE MOTION.**

**\*\* MOTION PASSED UNANIMOUSLY.**

The meeting concluded at 8:00 PM.

Respectfully submitted,

Catherine Ramos  
Telesco Secretarial Services

City of Bridgeport  
Budget & Appropriations Committee  
Regular Meeting  
January 11, 2016